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Attorneys for Respondents Yucatan Resorts, Inc.,
Yucatan Resorts S.A., RHI, Inc., and RHI, S.A.

2005 OCT 26 P 4:14

AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS:

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF MATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

DOCKET NO. S-03539A-03-0000

In the matter of:

YUCATAN RESORTS, INC., d/b/a
YUCATAN RESORTS, S.A.,

RESORT HOLDINGS INTERNATIONAL,
INC. d/b/a
RESORT HOLDINGS INTERNATIONAL,
S.A.,

WORLD PHANTASY TOURS, INC.
a/k/a MAJESTY TRAVEL
a/k/a VIAJES MAJESTY

MICHAEL E. KELLY,

Respondents.

**RESORT HOLDINGS
INTERNATIONAL, INC., RESORT
HOLDINGS INTERNATIONAL, S.A.,
YUCATAN RESORTS, INC., AND
YUCATAN RESORTS, S.A.S'
MOTION TO RE-SET HEARING
DATES**

(ASSIGNED TO THE HONORABLE
MARC STERN, ADMINISTRATIVE
LAW JUDGE)

Respondents, Resort Holdings International, Inc. ("RHI Inc."), Resort Holdings International, S.A. ("RHI S.A."), Yucatan Resorts, Inc. ("Yucatan Inc."), and Yucatan Resorts, S.A. ("Yucatan S.A." or, collectively, "Respondent Entities") hereby file this Motion to Re-Set Hearing Dates in the above-referenced administrative proceeding.

1 **I. Background Facts and Argument.**

2 On September 19, 2005, the Hearing in the above-referenced proceeding was
3 scheduled to reconvene. On that date, but prior to the continuation of the Hearing, the
4 Parties elected to engage in mediation in an attempt to settle this matter. During the
5 mediation, the Parties agreed to continue with the testimony, over objection, of two out-of-
6 state witnesses (Kelly Slazyk and Angela Cole). The Parties also agreed to continue the
7 remainder of the Hearing for a few months in order to attempt to negotiate a settlement.

8 The Parties, and Administrative Law Judge Stern ("ALJ Stern"), tried to calendar
9 blocks of time to continue the Hearing -- in the event that a settlement could not be
10 reached. The Parties tentatively discussed November 8, 9, and 10, and December 1 and 2
11 of 2005 as dates to conclude the Securities Division's case. Respondent Entities' attorney
12 Joel Held advised the Parties, and ALJ Stern, that he had previously-schedule conflicts on
13 the November dates, but would attempt to reschedule them. Mr. Held also advised the
14 Parties, and ALJ Stern, that he had a conflict for part of the day on December 1, 2005, and,
15 at best, he would only be able to participate for a half day of Hearing on that date, and one
16 full day on December 2, 2005. Mr. Held advised the Parties and ALJ Stern that he would
17 confirm, in writing, whether he was successful in rescheduling the conflicting obligations.

18 On October 3, 2005, Mr. Held faxed to ALJ Stern and the Parties a letter advising
19 that he had not been able to reschedule the conflicts and, therefore, he could not represent
20 that he would be able to attend the continuation of the hearing on the November dates
21 and/or the December dates.¹ Mr. Held did notify ALJ Stern and the Parties that he was
22 trying to settle one of the conflicting cases and that he would submit an additional
23 confirmatory letter on Friday, October 7, 2005, advising whether the scheduling conflicts
24 had been resolved. Finally, Mr. Held suggested that the Parties conduct a telephonic Pre-
25

26 ¹ See October 3, 2005, correspondence from Joel Held to ALJ Stern, which is attached
hereto as Exhibit "A."

1 Hearing Conference wherein the Parties could mutually calendar seven to ten
2 uninterrupted days in January 2006 to conclude the entire proceeding.

3 On October 4, 2005, a Scheduling Procedural Order ("Order") was issued. The
4 Order indicated that, "[p]ursuant to the agreement of the parties, the hearing in the above-
5 captioned proceeding shall resume on November 8, 9, 10, December 1 and 2, 2005, at 9:30
6 a.m."² The Order also specifically noted that the Administrative Law Judge may rescind,
7 alter, amend, or waive any portion of the Order by a subsequent Procedural Order or by
8 ruling at the Hearing.

9 On October 7, 2005, Mr. Held faxed a second confirmatory letter to ALJ Stern and
10 the Parties.³ This letter specifically provided that Mr. Held was unable to reschedule the
11 scheduling conflicts for November 8-10, 2005. Mr. Held advised that he believed he
12 could still participate for a half-day on December 1, 2005 and a full day on December 2nd.
13 However, Mr. Held, once again, suggested a brief telephonic Pre-Hearing Conference
14 wherein the Parties could calendar agreeable and uninterrupted dates to finish the Hearing
15 in January 2006.

16 Mr. Held has not been able to reschedule the conflicting depositions on November
17 8-10, 2005. Similarly, Mr. Held has not been able to move the mediation that conflicts
18 with the December 1 and 2, 2005, Hearing dates. Therefore, he cannot attend the
19 continuation of the Hearing on these dates.

20 It should be noted that, although the Parties have exchanged drafts of potential
21 settlement documents, the undersigned, due in part to the damage caused by Hurricane
22 Wilma, has been unable to communicate with the Respondent Entities in Cancun, Mexico.
23 Moreover, there is no information on when communications will be reestablished. Thus,
24 final negotiations regarding settlement may not be concluded by November 8, 2005.

25 ² See Scheduling Procedural Order, dated October 4, 2005, which is attached hereto as
Exhibit "B."

26 ³ See October 7, 2005, correspondence from Joel Held to ALJ Stern, which is attached
hereto as Exhibit "C."

Additionally, this administrative proceeding has been pending for more than two (2) years, and the Hearing has been repeatedly interrupted. On each occasion, the Hearing proceedings are interrupted, Respondents, as well as the Securities Division and the Arizona Corporation Commission, suffer considerable expense, in money and in time, in preparing for the continuation of the Hearing. Simply put, it is unjust to continue to subject the Respondents to the cost of preparing for -- and participating in -- a stop-and-go administrative proceeding. It would be considerably more just, cost-effective and efficient to schedule one or two uninterrupted weeks for the Parties to conclude this Hearing -- in the event that a settlement is not reached in the interim.

Pursuant to the Order, as well as the Corporation Commission Rules of Practice and Procedure and the Arizona Administrative Procedures Act, ALJ Stern may rescind, alter, amend, or waive the Order. In light of the foregoing, the Respondent Entities respectfully request that a Scheduling Procedural Order be issued that re-sets the Hearing for dates that are agreeable to ALJ Stern as well as the Parties. Counsel for the Respondent Entities are available the week of January 22, 2005, and January 30, 2005 or, if necessary, both weeks. Furthermore, Counsel for Respondent Entities are available for a telephonic Pre-Hearing Conference, at the convenience of ALJ Stern and the Securities Division, to discuss additional dates and times to continue the Hearing.

II. Conclusion.

For the foregoing reasons the Respondent Entities respectfully request the their Motion to Re-Set Hearing Dates be granted.

Respectfully submitted this 26th day of October, 2005.

1 GALBUT & HUNTER
2 A Professional Corporation

3 By: Martin R. Galbut
4 Martin R. Galbut, Esq.
5 2425 E. Camelback Road, Suite 1020
6 Phoenix, Arizona 85016

7 and

8 BAKER & MCKENZIE, LLP
9 Joel Held
10 Elizabeth L. Yingling
11 Jeffrey D. Gardner (#21783)
12 2300 Trammel Crow Center
13 2001 Ross Avenue – Ste. 2300
14 Dallas Texas 75201

15 Attorneys for Respondents
16 Yucatan Resorts, Inc.; Yucatan Resorts,
17 S.A.; RHI, Inc.; and RHI, S.A.

18 **CERTIFICATE OF CONFERENCE**

19 I hereby certify that on Wednesday, October 26, 2005, the Respondent Entities
20 conferred with Paul Roshka, Esq., counsel for Respondent Michael Kelly. Mr. Roshka
21 had no objection to the Respondent Entities' Motion to Re-Set Hearing Dates. I further
22 certify that counsel for Respondent Entities contacted Mark Dinell, Esq., counsel for the
23 Securities Division, regarding the Respondent Entities' Motion to Re-Set Hearing Dates.
24 Mr. Dinell was neither opposed nor in favor of the Motion to Re-Set, but had to confer
25 with Securities Division co-counsel.

26 ORIGINAL and 13 copies of the foregoing
hand-delivered this 26th day of October, 2005 to:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

1 COPY of the foregoing hand-delivered
2 this 26th day of October, 2005 to:

3 Honorable Marc Stern
4 Administrative Law Judge
5 Hearing Division
6 Arizona Corporation Commission
7 1200 West Washington Street
8 Phoenix, Arizona 85007

9 Jaime Palfai, Esq.
10 Mark Dinell, Esq.
11 Matthew J. Neubert, Esq.
12 Securities Division
13 Arizona Corporation Commission
14 1300 West Washington Street, 3rd Floor
15 Phoenix, Arizona 85007

16 COPY of the foregoing sent *via* e-mail
17 this 26th day of October, 2005 to:

18 Paul Roshka, Esq.
19 Roshka DeWulf & Patten, PLC
20 One Arizona Center
21 400 East Van Buren Street
22 Suite 800
23 Phoenix, Arizona 85004

24 

25

Martin R. Galbut, Esq.
26

EXHIBIT “A”

Asia
Pacific
Bangkok
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Rio de Janeiro
San Diego
San Francisco
Santiago
Sao Paulo
Tijuana
Toronto
Valencia
Washington, DC

October 3, 2005

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Via Facsimile

Hon. Marc Stern
Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: Docket No. S-03539A-03-0000; Securities Division vs. Yucatan Resorts Inc., et al.

Dear Judge Stern:

At the continuation of the Hearing in the above-referenced matter, you requested that the Parties confirm whether they were available to continue with the Securities Division's case on November 8-10, 2005, and December 1-2, 2005. As I previously informed you, I currently have a scheduling conflict with one or more of the subject dates.

To date, I have not been able to remove the scheduling conflicts and, therefore, at this time, I cannot represent that I will be able to attend the continuation of the Hearing over the referenced time frames. I am in the process, however, of discussing settlement in the conflicting case, and should know by late this week whether or not the case will settle. If settlement is reached, I will be available on the subject dates. Therefore, I will provide you and the Securities Division with a confirmatory letter on Friday, October 7, 2005, regarding my availability for the subject dates. Alternatively, I am available for a telephonic Pre-Hearing Conference wherein the Parties could collectively select an uninterrupted week, or ten (10) days, in January of 2005 to conclude this administrative action—in the event the Parties are unable to reach an accord.

Very truly yours,

Joel Held

Cc: Jamie Palfai, Esq. (*via* Facsimile and E-mail)
Paul Roshka, Esq. (*via* E-mail)
Martin R. Galbut, Esq. (*via* E-mail)

*** MULTI TX/RX REPORT ***

TX/RX NO 3893
PGS. 3
TX/RX INCOMPLETE -----
TRANSACTION OK (2) 916025947470#4058
ERROR INFORMATION (1) 916025424230#4058

BAKER & MCKENZIE

**Facsimile
Transmission**

2300 Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201, USA

Tel: +1 214 978 3000
Fax: +1 214 978 3099
www.bakernet.com

Date October 3, 2005
To Admin. Law Judge Stern (602) 542-4230
Jamie Palfai, Arizona Corporation Commission Securities Division (602) 594-7409
Phone
Fax 602.594.7470
602.542.4230
From Jeffrey D. Gardner
Writer's Phone +1 214 978 3092
Writer's Fax +1 214 978 3099
Client/Matter No.
User No. 13669
Re RHI/Yucatan
Pages (w/cover) 3

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Transmission**

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Date October 3, 2005

To Admin. Law Judge Stern (602) 542-4230

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Phone

Fax 602.594.7470
602.542.4230

From Jeffrey D. Gardner

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Writer's Fax +1 214 978 3099

Client/Matter No.

User No. 13669

Re RHI/Yucatan

Pages (w/cover) 3

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EXHIBIT "B"

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

IN THE MATTER OF:

DOCKET NO. S-03539A-03-0000

YUCATAN RESORTS, INC.,
3222 Mishawaka Avenue
South Bend, IN 46615;
P.O. Box 2661
South Bend, IN 46680
Av. Coba #82, Lote 10, 3er. Piso
Cancun, Q. Roo
Mexico C.P. 77500

YUCATAN RESORTS, S.A.,
3222 Mishawaka Avenue
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P.O. Box 2661
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P.O. Box 2661
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RESORT HOLDINGS INTERNATIONAL, S.A.
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P.O. Box 2661
South Bend, IN 46680
Av. Coba #82, Lote 10, 3er. Piso
Cancun, Q. Roo
Mexico C.P. 77500

WORLD PHANTASY TOURS, INC., aka
MAJESTY TRAVEL, aka VIAJES MAJESTY
Calle Eusebio A. Morales
Edificio Atlantida, P Baja
APDO, 8301 Zona 7 Panama



1 AVALON RESORTS, S.A.
2 Avenida Coba #82 Lote 10, 3er. Piso
3 Cancun, Q. Roo
4 Mexico, C.P. 77500

5 MICHAEL E. KELLY and LORI KELLY,
6 Husband and wife,
7 29294 Quinn Road
8 North Liberty, IN 46554;
9 3222 Mishawaka Avenue
10 South Bend, IN 46615;
11 P.O. Box 2661
12 South Bend, IN 46680

13 Respondents.


SCHEDULING
PROCEDURAL ORDER

14 **BY THE COMMISSION:**

15 Pursuant to agreement of the parties, the hearing in the above-captioned proceeding shall
16 resume on November 8, 9, 10, December 1 and 2, 2005, at 9:30 a.m., at the Commission's offices,
17 1200 West Washington Street, Phoenix, Arizona.

18 The Administrative Law Judge may rescind, alter, amend, or waive any portion of this
19 Procedural Order either by subsequent Procedural Order or by ruling at hearing.

20 Dated this 4TH day of October, 2005

21 
22 MARC E. STERN
23 ADMINISTRATIVE LAW JUDGE

24 Copies of the foregoing were mailed/delivered
25 this 4 day of October, 2005 to:

26 Martin R. Galbut
27 GALBUT & HUNTER
28 2425 E. Camelback Road, Ste. 1020
Phoenix, AZ 85016
Attorneys for Respondents Yucatan Resorts,
Inc.
dba Yucatan Resorts, S.A. and
Resort Holdings International
dba Resort Holdings International, S.A.

Joel Held
Jeffrey D. Gardner
BAKER & MCKENZIE
2300 Trammell Crow Center
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Dallas, TX 75201
Attorneys for Respondents Yucatan Resorts,
Inc., Yucatan Resorts, S.A. and
Resort Holdings International, Inc. Resort
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2 James Maguire
3 ROSHKA DEWULF & PATTEN, PLC
4 400 East Van Buren Street, Ste. 800
5 Phoenix, AZ 85004
6 Attorneys for Respondents Michael E. Kelly
7 and Lori Kelly

8 Gabriel Humberto Escalante Torres
9 World Phantasy Tours, Inc.
10 Avenida Coba, No. 82, SM 3, Lote 10
11 3er Piso Cancun, Q. Roo
12 Mexico 77500

13 Matt Neubert, Director
14 Securities Division
15 1300 West Washington
16 Phoenix, AZ 85007

17 ARIZONA REPORTING SERVICE, INC.
18 2627 N. Third Street, Ste. Three
19 Phoenix, AZ 85004-1003

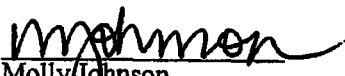
20 By: 
21 Molly Johnson
22 Secretary to Marc E. Stern
23
24
25
26
27
28

EXHIBIT "C"

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Valencia
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October 7, 2005

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Via Facsimile

Hon. Marc Stern
Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: Docket No. S-03539A-03-0000; Securities Division vs. Yucatan Resorts Inc., et al.

Dear Judge Stern:

I have not been able to remove the scheduling conflict for November 8, 9 and 10 of this year. Therefore, I will not be able to attend the continuation of the Hearing in the above-referenced administrative action on those dates.

With regard to possible Hearing dates in December, the Parties discussed continuing for a half-day on December 1, and a full day on December 2, 2005. I could participate at the continuation of the Hearing on December 1 and 2 under the referenced scenario, however this would, once again, leave the case unconcluded and interrupted. I would request and suggest that on Monday, October 10, 2005, the Parties conduct a brief telephonic Pre-Hearing Conference—wherein the Parties can mutually calendar seven to ten continuous days in January 2006 to finish the Hearing.

Please do not hesitate to contact me with any questions that you may have.

Very truly yours,


Joel Held

Cc: Jamie Palfai, Esq. (via Facsimile and E-mail)
Paul Roshka, Esq. (via E-mail)
Martin R. Galbut, Esq. (via E-mail)

*** TX REPORT ***

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Date	October 7, 2005	Phone	
To	Admin. Law Judge Stern		602.542.4230
	Jamie Palfai		602.594.7409
From	Joel Held	+1 214 978 3090	+1 214 978 3099
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*** TX REPORT ***

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SUBADDRESS	
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PGS. SENT	2
RESULT	OK

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Date	October 7, 2005	Phone	Fax
To	Admin. Law Judge Stern Jamie Palfai		602.542.4230 602.594.7409
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